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FM AMEMBASSY KATHMANDU  
TO RUEHC/SECSTATE WASHDC IMMEDIATE 9205  
INFO RUEHKA/AMEMBASSY DHAKA IMMEDIATE 8984  
RUEHIL/AMEMBASSY ISLAMABAD IMMEDIATE 1905  
RUEHNE/AMEMBASSY NEW DELHI IMMEDIATE 8813  
RUEHLM/AMEMBASSY COLOMBO IMMEDIATE 3948  
RUEHLO/AMEMBASSY LONDON IMMEDIATE 3369  
RUEHBJ/AMEMBASSY BEIJING IMMEDIATE 3673  
RUEHGV/USMISSION GENEVA IMMEDIATE 1030  
RUEAIIA/CIA WASHDC IMMEDIATE  
RUCNDT/USMISSION USUN NEW YORK IMMEDIATE 1690  
RHEHNSC/NSC WASHDC IMMEDIATE  
RHHMUNA/CDR USPACOM HONOLULU HI IMMEDIATE  
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C O N F I D E N T I A L KATHMANDU 002547

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DEPT FOR SA/INS, H  
NSC FOR RICHELSOPH

E.O. 12958: DECL: 11/22/2015

TAGS: PGOV PREL PTER PHUM ECON EINV NP

SUBJECT: KING SHOULD SEIZE INITIATIVE AND CALL CEASE-FIRE  
WITH INTERNATIONAL MONITORS

REF: KATHMANDU

Classified By: Amb. James F. Moriarty, Reason 1.4 (b/d)

Summary

11. (C) In separate meetings on November 21, the Ambassador suggested to Vice-Chairmen Kirti Nidhi Bista and Tulsi Giri that His Majesty's Government of Nepal (HMGN) call for a cease-fire with international monitoring. If the Maoists accepted, Nepal would be closer to peace. If the Maoists refused, the international community would recognize that the insurgents were not interested in peace. In either case, the King would have seized the initiative as the proponent for peace. The Vice-Chairmen undertook to consider the proposal and discuss it with King Gyanendra. They both objected to Senator Leahy's November 18 statement, carried widely in Nepali press; Giri asserted that the Senator was inciting the Royal Nepalese Army (RNA) against the King. The Ambassador pushed back, noting the Senator's words reflected the deep U.S. concern about Nepal. The Ambassador used the meetings to advocate on behalf of a U.S. company, STM Wireless, which is investing in Nepal and working with the World Bank on a rural telephone project. End Summary.

Ambassador: King Should Announce Cease-Fire

12. (C) Explaining that he was growing very worried about Nepal, the Ambassador suggested to each of the Chairmen in separate meetings that the King take a single, dramatic, effective step: go before the public, explain that the Maoist cease-fire was flawed, but, recognizing that everyone wanted peace, call for an effective cease-fire monitored by international observers. The Ambassador noted that he saw no downside for HMGN; the King would in no way lose face. The Maoists could respond in two ways. If they accepted the call for a comprehensive cease-fire with international observers, not only would Nepal move closer to peace, but the Maoists would have to cease their extortion and abductions. Their strength would decline because they would be unable to terrorize the populace and their funding would shrivel up.

Because of this reality, the Maoists might well reject the King's offer. If they did so, the Maoists' intentions would be clear to the people, the political parties and the international community. People would recognize that the Maoist cease-fire was merely a tactical ploy to strengthen their hand and to persuade the political parties to work with them against the King. An appeal from the King for a monitored cease-fire would take the initiative away from the Maoists.

¶3. (C) Vice-Chairman Giri responded that he disagreed with our analysis about the deteriorating situation. He said that the Maoists had lost their fire-power, were losing influence in the villages and had none in the cities, and the people were getting bolder and more inclined to challenge Maoist pressure and actions. Giri noted, however, that the Maoists' desire to talk with the political parties was only propaganda. That said, he acknowledged that he saw no downside to the cease-fire proposal. He undertook to discuss it with His Majesty, but commented that he was unsure how the King or "his security people" would react. Bista also said the proposal was interesting, but remarked that HMGN could not suddenly change its policy. He acknowledged, however, that there could be "complete chaos, anarchy, more bloodshed in the streets," but he claimed that "the government cannot be held responsible if that happens."

V-Cs Object to Sen. Leahy's 11/18 Statement

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¶4. (C) Vice-Chairman Giri stridently protested Senator Leahy's November 18 statement in Congress on Nepal. Saying "we know U.S. and India are against us" and "are not helping us," he decried the Senator's words on Nepal as "a madman's

statement." He exclaimed that "inciting the army to choose the King or people is too much." (Note: Giri especially objected to the following excerpt from the Senator's statement, the whole of which was broadly carried in the Nepali papers: "It may not be long before the army is faced with a fateful choice. Will it continue to side with the palace even if it means turning its weapons on prodemocracy protesters and facing international censure, or will it cast its lot with the people." End Note.) Giri asserted that Nepal-U.S. relations were deteriorating, and claimed Nepal was warning the Indians to be careful because "America was using them." The Ambassador pushed back and questioned how Giri could attempt to shift the blame to the U.S. V-C Bista was a little more restrained in his reaction. He said he understood America was a democracy and Senators could voice their opinions, but noted HMGN's dismay. The Ambassador explained to them that the Senator's statement reflected the deep concern that the U.S., including Congress, had about Nepal. The changes in the Leahy Amendment highlighted the universal desire to see the political parties and the Palace reconcile. Both Vice-Chairmen expressed concern about the lack of security assistance from U.S. and India; Dr. Giri urged the U.S. to separate decisions about security assistance from political issues.

Ambassador Advocates For U.S. Company

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¶5. (C) The Ambassador raised with both Vice-Chairmen the problems faced by a U.S. company, STM Wireless, which is investing in Nepal and working on a World Bank project installing telephones in the rural eastern part of the country. After the King's February 1 takeover, HMGN prevented STM from installing the phones because of security concerns. In order to allow STM to fulfill its contract and to make up its losses, the Nepal Telephone Authority (NTA), working with an Independent Technical Consultant, had initiated new agreements with STM, the World Bank in mid-September. However, at the end of October NTA had sent all the concerned parties a letter ignoring those agreements and its own commitments. The Ambassador asked that HMGN look seriously at the issue that involved U.S. investment and do the right thing. Dr. Giri undertook to raise it with the

Minister of Information and Communications following the latter's return to the country. V-C Bista opined that "we can take care of it."

Comment

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¶6. (C) Neither of the Vice-Chairmen appeared to have done any thinking along the lines of the Ambassador's proposal, but both appeared intrigued by its merits. We hope the idea starts to trickle up to the King.

MORIARTY